

**CITY COUNCIL  
Special Meeting**

5:00 p.m., Tuesday, December 6, 2016

A Special Meeting of City Council was held at 5:00 p.m., Tuesday, December 6, 2016 in Council Chambers of City Hall, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmember Bergwerf, Bettelli, Carroll, Harrington, Kinghorn, Rice and Ward, Mayor Cronin, Administrator Tucker, Attorney Halversen, Assistant Administrator Fragoso and City Clerk Copeland; a quorum was present to conduct business. Councilmember Ferencz was absent.

1. Mayor Cronin called the meeting to order and acknowledged that the press and public had been duly notified of the meeting in accordance with the Freedom of Information Act.

2. **Citizens' Comments**

**FY16 Audit Presentation by Justin Kiddy and Lindsay Flynn of McCay, Kiddy and Associates**

After distributing a handout containing the highlights of the audit work-product, Mr. Kiddy reported that the audit team did not make any significant journal entries to the financial information presented by Treasurer Suggs. The first page of data presented was the year-end fund balances for the governmental funds; the total of which was in excess of fourteen million nine hundred thousand dollars (\$14,900,000). The ending fund balance in the General Fund was five million six hundred dollars (\$5,600,000), and the ending fund balance for the Capital Projects Fund was approximately three million five hundred thousand dollars (\$3,500,000). Mr. Kiddy stated that the change to fund balance in FY16 was an increase of approximately two million dollars (\$2,000,000) which he attributed to the Beach Preservation Fee Fund and tourism funds. The operation of the City has been relatively the same year over year. The primary contributors to revenue presented as a percentage of total revenue were Intergovernmental Funds at twenty-nine point seven percent (29.7%), Property Taxes at twenty-eight point nine percent (28.9%), and Licenses and Permits at twenty-two point eight percent (22.8%). On the expenses side of the General Fund, Debt Service increased over FY15 as a result of re-financing the Series 2006 Bond for Fire Station 2. The Marina Fund experienced a net increase of three hundred seven thousand dollars (\$307,000); the primary expense for the marina in FY16 was Professional Services related to the Marina Redevelopment Plan. At the end of the year, the City was holding approximately two hundred thousand dollars (\$200,000) in the Volunteer Fire Department Fund. The firm of McCay, Kiddy and Associates rendered an unmodified opinion, which is the best audit opinion available; he noted that the auditors noted no findings, significant deficiencies or material weaknesses in the audit process. (Copies of the audit presentation and the full audit report are attached to the historical record of the meeting.)

In response to Councilmember Carroll's question about the basis of the value of the marina assets at six point one million dollars (\$6,100,000), Treasurer Suggs answered that the value was based on the historical costs.

Mayor Cronin summarized the presentation as one where McCay, Kiddy and Associates confirmed the City's financial statements and that the City's net position increased by two million dollars (\$2,000,000) in the last fiscal year. He reminded Mr. Kiddy that his firm is also obligated to perform a controls audit.

Mr. Kiddy indicated that work on the controls audit had begun and that the auditors followed up on some of the recommendations made by the other provider; based on inquiry, the auditors believe that those things were implemented.

Jim Raih, 3904 Cameron Boulevard, commented that he did not like that the audit presentation did not include page numbers or footnotes.

### 3. Old Business

#### **Consideration of a Contract Award to Hitt Contracting, Inc. in the amount of \$756,000 for improvements to the Public Works site to achieve NPDES compliance**

Mayor Cronin noted that Hitt Contracting submitted the low bid for the NPDES project at the Public Works site; although the Public Works Committee discussed the bid, they have not made a recommendation to Council. It is, therefore, up to Council to decide whether to proceed with the Hitt quote. Included in meeting packets were staff's calculations on how the City can derive the seven hundred fifty-six thousand dollars (\$756,000) necessary from the FY17 budget. (A copy of the calculations is attached to the historical record of the meeting.)

**MOTION: Mayor Cronin moved to award a contract to Hitt Contracting, Inc. in the amount of \$756,000 for the NPDES project at Public Works; Councilmember Bergwerf seconded.**

In the way of background, Administrator Tucker reported that the bid process included a mandatory pre-bid conference, and only one (1) contractor attended. As a result of that, the City extended the bid deadline, did additional advertising and held a second mandatory pre-bid conference that was attended by Hitt Contracting. An important point to that anecdote is that people in the construction industry are very busy; in this strong market, it is difficult to get bidders and the pricing is reflective of the market. Hitt Contracting is a reputable contractor who meets the requirements, and their pricing was very near what Thomas and Hutton anticipated, but the cost is significantly more than was budgeted unless the project were to span two (2) budget years.

The total projected, estimated cost, including the balance to the contract with Thomas and Hutton for construction management and the ten percent (10%) construction contingency, is eight hundred forty-one thousand seven hundred dollars (\$841,700). Using eighty percent (80%) of the NPODES funds being held by Charleston County, the City would have four hundred seventy-one thousand two hundred dollars (\$471,200) to go toward the project, as well as the funds allocated in the FY16/FY17 budgets of three hundred fourteen thousand five hundred thirty dollars (\$314,530). Thus leaving a gap of two hundred forty-five thousand nine hundred seventy dollars (\$245,970) to be funded.

The FY17 budget contemplates the twenty-five percent (25%) match of the grant expected from FEMA relative to Hurricane Joaquin in the amount of two hundred twenty thousand eight hundred thirty-eight dollars (\$220,838); the State has budgeted to pay the FEMA match. Thirty thousand dollars (\$30,000) is also budgeted for a third-party assessment of the feasibility of the City's

assuming responsibility for administering NPDES regulations in-house in the future, which can be re-budgeted in the next budget year.

The paragraphs at the bottom of the page pose the question to Council about the allocation of these funds. The Administrator pointed out that Public Works does have a tourism component because of the increased volume of garbage that necessitates more manpower and more wear and tear on the vehicles with twice a week garbage collection in the summer months. The difference of two hundred forty-five thousand dollars (\$245,000) could be absorbed in total in the Capital Projects Fund, or it could be funded in a two-thirds ( $\frac{2}{3}$ ), one-third ( $\frac{1}{3}$ ) split with the Municipal Accommodations Tax Fund.

Councilmember Carroll asked Director Pitts to give him background information on the discussions about moving the Public Works facility off the island.

Director Pitts stated that staff was tasked with investigating the possibility of re-locating the Public Works Department a couple of years ago; they not only looked for property, but they also visited the wash-down facilities for Charleston County and Mount Pleasant. Mount Pleasant Waterworks was supplying their wash station, and they were struggling with over-capacity without expanding their facility. According to Director Pitts the City would not find property in Mount Pleasant and the closest space would be found in Cainhoy. In his opinion, trucks would take about two (2) hours to get on to the island due to heavy traffic on insufficient infrastructure; the Caterpillar would have to be brought to the island on an eighteen-wheeler (18 wheeler) every day.

When Councilmember Ward asked whether he and Director Kerr had looked for property near the ports authority, the Director replied that he thought Director Kerr had found an acre in that vicinity, but Director Pitts thought there would be a permitting issue for a public works operation.

Councilmember Carroll commented that, if the City were to buy property, it would still face the same expenditure for NPDES compliance.

When the Mayor queried about the use of Municipal Accommodations Taxes for the wash-down process, Councilmember Rice indicated that she thought it would be a good use for those funds, and she asked about the possibility of using some State Accommodations Tax (ATAX) funds.

Administrator Tucker said that she did not think the City would need to use ATAX funds.

Councilmember Rice asked for more information about the wash-down facility since she was not on Council when the project was originally discussed; she asked if other departments in the City could use it to wash their vehicles as well.

Director Pitts stated that the Fire Department would not use this wash-down, although the particular system to be constructed would recirculate the majority of the water. He added that, although the water would be filtered and cleaned, he did not think this washing apparatus should be used on other City vehicles. As part of the maintenance program, the equipment has a centrifuge to be used before the water is pumped out.

**VOTE: The motion PASSED on a vote of 7 to 1 with Councilmember Ward not supporting the motion.**

**4. New Business**

**A. Consideration of amendment to sole source contract to Coastal Science and Engineering (CSE) in the amount of \$10,000 for the cultural resource survey to include all of the proposed borrow site**

The Mayor stated that CSE has not formally asked for the amendment, but it is likely that they will because of the permitting requirement to do a cultural resource survey of the selected site and the site of the Stone Fleet. He added that this is not a job that CSE would do, but they would hire a third party, a coastal cultural resource person.

**MOTION: Mayor Cronin moved to award a contract amendment to Coastal Science and Engineering in the amount of \$10,000 for an anticipated cultural resource survey; Councilmember Bettelli seconded.**

Councilmember Ward asked how much the CSE contract was before adding this money, and the Administrator replied that it was approximately one hundred ninety-six thousand dollars (\$196,000).

Councilmember Ward asked why staff was not waiting until CSE requests the money.

Administrator Tucker stated that, since Council will not have another meeting until late January 2017, she wanted to be prepared with the money so as not to delay the project; she assured Council that she would not execute the amendment if it was not necessary.

**VOTE: The motion PASSED UNANIMOUSLY.**

**B. Consideration of FY17 Meeting Schedule and Budget Process**

Also in meeting packets were monthly calendars for 2017 with the dates and times for Ways & Means and City Council meetings; in a number of cases, Ways and Means and Council have been scheduled to meet the same night. In February, Council will hold a Special Ways & Means meeting exclusively to discuss the FY18 budgets, and the regular Ways and Means Committee meeting will be held the next week along with City Council. On March 21<sup>st</sup>, the evening will begin with a budget only meeting that will be followed by Ways and Means and City Council; in April, Council will hold its meetings on the usual schedule, the third and fourth Tuesdays of the month.

In addition, the Mayor was contemplating that Committees meet in the following pattern:

1 <sup>st</sup> Thursday of every month	Recreation Committee Public Works Committee Personnel Committee
1 <sup>st</sup> Monday of every month	Real Property Committee Public Safety Committee

The Mayor stated that these recommendations were open to change by the Committee. Since meeting dates have already been set for January 2017, it will not follow the model by holding Public Safety on Thursday, January 5<sup>th</sup> and Real Property on Monday, January 9<sup>th</sup>.

In months when the first Tuesday falls in the first few days of the month, Councilmember Ward asked whether Department Heads would have sufficient time to prepare their reports.

Director Pitts indicated that he had a conflict with Thursdays and would, therefore, like to see Public Works moved to Wednesdays. Since several Councilmembers commented that Wednesday was a good meeting day for them, the Thursday meetings were moved to Wednesdays.

Staff was asked to prepare new calendars with Committee meetings added as discussed.

The large paper in packets represents the format that staff plans to use to display the FY18 budget estimates; at the bottom are the decisions Council will need to make affecting the budget. Referring to the large sheet, Administrator Tucker stated that Council would take a global look at General Fund revenues and expenses and the Capital Plan at the budget meeting of February 21<sup>st</sup>; for the March 21<sup>st</sup> budget meeting, staff will provide additional information and ask for some policy decisions to be made. The First Reading on the budget is tentatively scheduled for April 25<sup>th</sup> with the Budget Public Hearing on May 23<sup>rd</sup> followed by Second Reading. Repeating the Mayor's comments, the Administrator said that these dates are flexible and adjustable.

Councilmember Kinghorn asked where the City stood on procurement reform since it would affect the budget meetings.

For now, the issue has gotten cold, but Attorney Halversen voiced confidence that the ordinance would be ready for First Reading at the January meeting.

**5. Executive Session – not needed**

**6. Adjourn**

**MOTION: Councilmember Bettelli moved to adjourn the meeting at 5:58 p.m.; Councilmember Carroll seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland  
City Clerk